

What You Need to Know About Disability Retirement

An MTRS Q&A guide for our active members

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What You Need to Know About Disability Retirement

How to use this booklet

This booklet is intended for use by anyone who may be eligible to receive a disability retirement benefit from the Massachusetts Teachers' Retirement System (MTRS), as well as employers of MTRS members who may apply for such benefits. It is written in simple language and should answer most of the questions that you may have about the issues related to the application, evaluation and receipt of disability benefits.

Throughout this booklet you'll find notes in the margins. These contain brief explanations or references to other questions that are related to that particular topic. Where cross-references are noted, please be sure to review those questions for additional information.

Finally, this booklet is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between its contents and M.G.L. c. 32. Rules governing retirement and survivor benefits are subject to change periodically either by regulation of the Internal Revenue Service or by statute of the Massachusetts Legislature. If you have any questions about this material, please contact our office or *seek legal advice from your attorney or financial advisor.*

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Disability benefits

1 What happens if I should become permanently disabled while a member of the MTRS?

If you should find yourself permanently disabled and unable to continue to work, you may be eligible to receive a disability benefit from the MTRS.

2 What types of disability benefits are available?

There are two types:

- **Accidental disability benefits:** These benefits are available if you find yourself unable to perform the essential duties of your position because of a job-related injury or exposure to a job-related hazard, and such inability is likely to be permanent. See Question 8 for the eligibility requirements for an accidental disability benefit.
- **Ordinary disability benefits:** An ordinary disability is a benefit you may receive if you become totally and permanently disabled from performing the essential duties of your position for any reason independent of your work. See Question 13 for the eligibility requirements for an ordinary disability benefit.

3 May I apply for both accidental disability and ordinary disability retirement benefits at the same time?

Yes. If you meet the requirements for both, you do have the right to apply for accidental disability and ordinary disability benefits at the same time. In the event that your application for accidental disability retirement is denied, you may be granted an ordinary disability retirement based on the one application, assuming that you meet the requirements for ordinary disability benefits.

Reminder:
If you are ever injured on the job, remember to send us a written statement or the incident report regarding your injury within 90 days so that we have this record on file.

4 Who decides whether to grant disability benefits?

The Board makes this decision. In determining whether to grant ordinary or accidental disability benefits, the Board is governed by legal standards regarding disability as described in the Massachusetts General Laws, c. 32, §§ 6–7 and case law. The Board is legally prohibited from granting any disability benefits unless you meet certain requirements.

In granting an accidental disability benefit, a medical panel of three physicians must certify *and* the Board must find that:

- you are unable to perform the essential duties of your job, and
- the disability is likely to be permanent, and
- the disability is the natural and proximate result of the personal injury you sustained or the hazard you underwent.

The Board must determine that *all of the above conditions* exist in order to grant accidental disability benefits. The Board is particularly interested in reviewing the relationship between your disability and the personal injury or hazard. It will carefully examine all documents submitted which relate to your accident or injury and, at the time your application is being considered, it may hear testimony from you or other relevant witnesses.

In granting an ordinary disability benefit, a medical panel and the Board need only find that:

- the member is unable to perform the essential duties of his or her particular job, and
- the disability is such that it is likely to be permanent.

It is possible that the medical panel will certify to the questions above, but that the Board may reach different conclusions. The answers of the medical panel are not necessarily binding on the Board. The law requires that the Board exercise its own independent judgment.

5 Do I have to appear at the Board hearing?

In almost all cases, **accidental** disability applicants must appear before the Board or a hearing officer. **Ordinary** disability applicants are not required to appear but are welcome to attend the hearing. Although it is not required, an applicant may choose to be represented by an attorney before the Board. In all cases, we will send a letter to the applicant notifying him or her of the Board's decision.

6 What is the difference between the calculation of an accidental disability benefit versus an ordinary disability benefit?

The most significant difference in the calculation of the two disability benefits is that, in an accidental disability allowance, the pension portion is usually calculated using only your salary at the time of the disability, whereas in an ordinary disability allowance, the benefit is calculated based on your three-year salary average, years of creditable service and the factor for age 55, which is 0.015. There are also differences depending upon whether you are eligible for the enhanced Retirement*Plus* benefit.

For examples of accidental and ordinary disability allowances, please see Questions 9 and 14.

7 I understand that there are three different retirement benefit "options." What are they?

Under the Massachusetts Retirement Law (M.G.L. c. 32), you may choose to retire under one of three benefit options: Option A, B or C. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death. In brief:

Option	Benefit Amount	Survivor Benefit
A	Maximum allowance	None
B	Approx. 1% less than Option A amount	One-time, lump-sum payment of balance, if any, remaining in member's annuity savings account [Note: There are no restrictions on who or how many individuals or entities may be named as beneficiary.]
C	Approx. 9-11% less than Option A amount	Monthly benefits paid to a survivor [Note: Beneficiary must be the member's spouse, parent, sibling, child or former spouse who has not remarried.]

At the time of your retirement, your spouse must acknowledge his or her awareness and understanding of your option selection.

Option A

Of all three options, Option A provides you with the highest possible monthly allowance; it does not, however, provide for any continuing survivor benefits. Upon your death*,

- all Option A payments will stop.

Option B

Option B provides you with a monthly allowance that is approximately 1% less than an Option A allowance. This option's payments are slightly less because Option B does provide for a possible one-time, lump-sum survivor benefit.

The Option B survivor benefit is a lump-sum payment of the balance, if any, remaining in your annuity savings account at the time of your death. During your retirement, the balance in your annuity savings account decreases by an amount equal to the annuity portion of your retirement allowance. In most cases, the annuity account will be depleted after 15 years. For all intents and purposes, this recordkeeping is “invisible” and the reductions do not affect monthly retirement payments. Upon your death*,

- all Option B payments will stop, and
- the balance remaining in your account, if any, will be paid in a lump sum to your beneficiary or estate.*

Under Option B, you may designate more than one person as your beneficiary and that person or persons need not be related to you. If your annuity savings account is depleted while you are receiving an allowance, you will continue to receive the full Option B retirement allowance for life; however, any named beneficiary will not receive a death benefit.

Option C

Option C provides you with the smallest monthly allowance (approximately 9–11% less than an Option A allowance). It also provides your surviving beneficiary with monthly payments for the rest of his or her life.

The calculation of the Option C allowance is based on the life expectancies of both you and your beneficiary at the time of your retirement. Upon your death,

- all Option C payments will stop, and
- your beneficiary will receive a survivor benefit equal to two-thirds of the amount of your Option C allowance. Your beneficiary must be your spouse, parent, sibling, child or former spouse who has not remarried.

Option C “pop-up”

Under Option C, if your beneficiary predeceases you, you cannot name a different “Option C beneficiary.” Under the terms of the so-called “pop up” provision of the Pension Reform Act of 1987, your monthly benefit will “pop up” to a higher amount that is proportional to the amount you would have received under Option A at the time of your retirement. This new, higher amount is then paid to you as of the date of the death of your beneficiary and until you die. In the event that your Option C beneficiary predeceases you, you will need to notify the MTRS; we will require that you complete an *Option C Reversion Claim Form*, and then we will recalculate your retirement allowance.

A note about eligibility verification

Massachusetts law requires all public retirees to file an affidavit verifying their eligibility to receive a retirement allowance. Periodically after you have retired, the MTRS will contact you to confirm your eligibility.

For a worksheet you can use to estimate your superannuation retirement allowance, please see Appendix B.

*If a member dies **within 30 days** of the effective date of his or her retirement under Option A or B, and is survived by a spouse, that spouse is eligible to receive a monthly survivor allowance equal to 2/3 of what the member would have received if he or she had retired under Option C.

Accidental Disability

8 What are the eligibility requirements to apply for an accidental disability retirement allowance?

You:

- must have been a member in service at the time you sustained the personal injury or were exposed to the hazard that caused you to become permanently disabled, and
- sustained the personal injury or were exposed to the hazard while in the performance of your duties.

Eligibility for an accidental disability retirement is defined in M.G.L. c. 32, § 7.

9 What will I receive if I am granted an accidental disability retirement allowance?

An accidental disability retirement allowance is made up of two components:

- **an annuity**, a sum based on your contributions to the MTRS and the interest on those contributions, and
- **a regular pension**, an amount equal to 72% of your yearly compensation as of the date you were injured.

For example, a teacher whose regular compensation was \$36,000 on the date of the work-related injury that resulted in her permanent disability, and who had a balance of \$45,000 in her annuity savings account, would receive an accidental disability retirement allowance of \$28,732.50 per year.

Annuity Component	+	Pension Component	=	Accidental Disability Allowance
\$2,812.50 (annual portion)	+	\$25,920 (72% x \$36,000)	=	\$28,732.50/year

Please note that this is only an example of the calculation of an accidental disability retirement allowance.

Note: If you were hired after January 1, 1988, your disability benefits will be capped at 75% of your yearly compensation as of the date you were injured. This means that your total

Workers' Compensation payments are not considered regular compensation.

This example shows the calculation of an Option A accidental disability allowance (see Question 7). The allowance under Option B is approximately 3–5% less than the Option A amount; the allowance under Option C is approximately 20% less than the Option A amount.

accidental disability allowance—the annuity component plus the pension component—may not exceed 75% of your last salary.

10 Will I receive additional benefits on behalf of my children?

Yes. You will receive an additional \$450 per year for any child under the age of 18 or for any dependent who is physically or mentally incapacitated from earning. If your child reaches 18 and then continues his or her education on a full-time basis, the stipend will continue until he or she reaches age 21. The MTRS will verify that your child is a full-time student every semester until he or she reaches age 21.

For example, if the teacher in the previous example had one child, her yearly accidental disability allowance would increase by \$450 in the first year.

11 I am purchasing creditable service on the MTRS's installment payment plan. If I am granted an accidental disability retirement before the end of the installment plan term—and no longer need any additional creditable service—am I eligible for a refund of the money I have already paid?

No. Internal Revenue Code provisions would prohibit a return of any amounts of contributions already received into your MTRS annuity savings account. However, in many cases, you would *not* be required to purchase the remaining outstanding service. If this question applies to you, please contact the MTRS for additional information.

12 Does participation in RetirementPlus affect the calculation of an accidental disability retirement benefit?

No. If you elected to participate in RetirementPlus and have accrued 30 years of creditable service, 20 of which is teaching membership service, your accidental disability retirement benefit will be calculated as described in Question 9. However, you will not receive a refund of the difference between the

11% contribution rate and your former rate or any accelerated payments already made.

If you elected to participate in the RetirementPlus program but do not yet have 30 years of creditable service, your accidental disability retirement benefit will be calculated as described above and the difference between the 11% and your former rate of contribution or the amount of accelerated payments already made, will be refunded to you.

Ordinary Disability

13 What are the eligibility requirements for an ordinary disability retirement benefit?

A member is eligible to apply for ordinary disability benefits if he or she:

- is a military veteran who has 10 years of creditable service *or*
- is not a military veteran and who is under age 55 and has 10 years of creditable service.

Eligibility for an ordinary disability retirement is defined in M.G.L. c. 32, § 6.

14 What will I receive if I am granted an ordinary disability retirement allowance?

The ordinary disability retirement allowance is calculated differently depending on whether you are a non-veteran or a veteran, and whether you are participating in RetirementPlus and eligible to receive the benefit of that program.

- **Non-veteran, non-RetirementPlus participant:** If you are under the age of 55, your allowance is calculated as if you had retired at 55. If you are age 55 or over, your allowance is calculated according to your actual age. If you are under the age of 55 this works in your favor because, according to the retirement formula, the older you are, the higher the multiplication factor and the higher your benefit amount. While your age is advanced for calculation purposes, you receive credit only for the actual amount of service you have accrued as of the date of your retirement.

If you have past creditable service that is not on account with the MTRS that you wish to purchase, you must purchase it prior to the Board hearing on your case.

For example, if you were retired at age 45 with 20 years of creditable service and your highest 3-year salary average was \$36,000, you would receive \$10,800 per year.

Age Factor (Age 55)	x	Number of Years of Creditable Service	=	Percentage of Salary Average
0.015	x	20	=	30%
Allowable Percentage of Salary Average	x	3-Year Salary Average	=	Non-veteran Ordinary Disability Allowance
30%	x	\$36,000	=	\$10,800/year

- **Non-veteran, RetirementPlus participant and eligible to receive the RetirementPlus benefit:** If you elected to participate in RetirementPlus and have accrued 30 or more years of creditable service—at least 20 of which are teaching membership service—your allowance is calculated in the same way described above, with the exception that you receive the additional RetirementPlus percentage.

For example, if you were retired at age 54 with 30 years of creditable service and your highest 3-year salary average was \$36,000, you would receive \$20,520 per year.

Age Factor (Age 55)	x	Number of Years of Creditable Service	=	Percentage of Salary Average
0.015	x	30	=	45%
Percentage of Salary Average		RetirementPlus + Percentage (if any) See chart at Appendix B	=	Allowable Percentage of Salary Average
45%	+	12%	=	57%
Allowable Percentage of Salary Average Ordinary	x	3-Year Salary Average	=	Non-veteran, RetirementP Disability Allowance
57%	x	\$36,000	=	\$20,520

- **Non-veteran, RetirementPlus participant and ineligible to receive the RetirementPlus benefit:** If you elected to participate in the RetirementPlus program but have not yet accrued 30 years of creditable service—at least 20 of which are teaching membership service—your ordinary disability retirement benefit will be calculated as described for a non-veteran, non-RetirementPlus participant, above. In addition, you will receive a refund of your RetirementPlus contributions equal to the difference between the 11% rate and your former rate of contribution, plus any accelerated payments you may have made. If, however, you have accumulated, a total of at least 30 years of creditable service, you will not be eligible for a refund of your RetirementPlus contributions.

- **Veteran, non-RetirementPlus participant:** You receive a higher ordinary disability retirement benefit than a non-veteran. Your benefit is equal to a yearly annuity amount *plus* one-half of your salary for the last twelve months during which you were actually employed. Your yearly annuity amount is based on the total of your contributions to the retirement system and your interest on those contributions.

For example, if your salary for the last year was \$36,000 and the balance in your annuity savings account was \$45,000, you would receive an annual allowance of \$20,812.50.

Annuity Component	+	Pension Component	=	Accidental Disability Allowance
\$2,812.50 (annual portion)	+	\$18,000 (50% x \$36,000)	=	\$20,812.50/year

- **Veteran, RetirementPlus participant and eligible to receive the RetirementPlus benefit:** If you elected to participate in the RetirementPlus program and have accrued 30 or more years of creditable service—at least 20 of which are teaching membership service—you will receive the higher of *either* the RetirementPlus benefit (as calculated above for a non-veteran, RetirementPlus participant and eligible to receive the RetirementPlus benefit) *or* the ordinary disability retirement benefit for a veteran, non-RetirementPlus participant.
- **Veteran, RetirementPlus participant and ineligible for the RetirementPlus benefit:** If you elected to participate in the RetirementPlus program but have not yet accrued 30 years of creditable service—at least 20 of which are teaching membership service—your ordinary disability retirement benefit will be calculated as described for a Veteran, non-RetirementPlus participant, above. In addition, you will receive a refund of your RetirementPlus contributions equal to the difference between the 11% rate and your former rate of contribution, plus any accelerated payments you may have made. If, however, you have accumulated, a total of at least 30 years of creditable service, you will not be eligible for a refund of your RetirementPlus contributions.

How to apply for disability benefits

15 How do I apply for disability benefits?

- Carefully review all of the material in this booklet. If you have any questions about the process or the benefits, please contact the Disability Coordinator in the MTRS's Legal Unit.
- Complete the disability application form. Be sure to complete the entire application, including the release forms, and attach all required documents before returning your application. If your application is incomplete, the application process will be delayed. Until all of the required information has been submitted, we cannot assign a date of application, which will be very important in determining your effective date of retirement and retirement allowance date. We can prepare an estimate of your retirement allowance for planning purposes at any time, but an official retirement allowance cannot be calculated until your application has been approved. If your application is approved, you may need to submit additional documents, including, if applicable, your marriage certificate, your spouse's birth certificate, and your dependent children's birth certificates.
- Before you send your application and your documents to us, make a photocopy of them for your own records.

16 Can I receive other benefits pending determination on my disability application?

Yes. If you are eligible to receive a superannuation retirement allowance (see Appendix A), you may apply for and receive these benefits while awaiting a decision on your disability application.

Please note that if you do begin to receive superannuation benefits and also are receiving Workers' Compensation payments, there is no offset. However, if your application for

accidental disability benefits is approved with a retroactive effective date, in all likelihood, you will be required to repay the superannuation amounts you received pending disposition of your accidental disability retirement application.

How your case is evaluated

17 What happens after I have returned the disability retirement application to your office?

Once we receive your application and information release authorizations, we will request the appropriate medical, hospital and insurance records. Be aware that if the hospital, doctor or insurance company charges any copying or research fees for providing these records, you will be responsible for paying these fees. In the case of accidental disability applications, we will also contact your employer to learn more about the nature of the event, injury or accident which led to your present state of disability.

When all of the information specified above has been received by us, the "application package" is considered complete and, after review, in most instances, we will ask the Public Employee Retirement Administration Commission (PERAC) to set up a three-member regional medical panel to examine you.

The various steps in the evaluation process are as follows:

- Within 60 days of being appointed by PERAC, the regional medical panel should meet to conduct its examination of you. You will be given 14 days' notice of the scheduled examination.
- Within 60 days of completing its examination, the regional medical panel will report its findings and recommendation to PERAC.
- Within five days of receipt of a properly completed medical report, PERAC will forward the report to the Board.

If you receive any Workers' Compensation benefits, or a settlement from a third party (for example, an insurance company), because of the same disability for which you are receiving a disability pension, the MTRS has the authority to offset these other amounts dollar-for-dollar from your disability pension. You are required to keep the MTRS informed of any claims or settlements related to your disability.

- Within 30 days of receipt of the report, we will notify you of the panel's findings and provide you with a copy of all of the documents completed by the regional medical panel. The Board has the option of requesting further information or clarification from the regional medical panel, if we determine that it would be helpful. If the regional medical panel findings:
 - **preclude** retirement for the disability claimed, the Board can either deny your application *or* ask PERAC for a new regional medical panel, if the Board believes that the circumstances warrant it. If PERAC declines to schedule a new examination, the Board, in most instances, will deny your application. You may appeal PERAC's decision (see Question 25).
 - **permit** retirement for the disability claimed, the Board shall determine whether or not to approve your application.

A hearing may be held on any disability retirement application and shall be held upon your request. If a hearing is scheduled, we will give you at least 30 days' notice of the time and place of the hearing and the issues involved. If your application is approved by the Board, it will be transmitted to PERAC for final action; PERAC must act on your application within 30 days of its receipt. If your application is denied by the Board, we will advise you of your right to appeal the decision.

18 Am I required to have a medical panel examination?

Unless the Board denies your application as a matter of law or as a result of an initial fact-finding hearing, you must have a medical panel examination. Pursuant to Chapter 32 of the Massachusetts General Laws, every member of a state contributory retirement system who applies for disability benefits must be examined by a regional medical panel. For the MTRS and all state contributory retirement systems, the Public Employee Retirement Administration Commission (PERAC) oversees every stage of the disability application process and appoints all medical panels. No state contributory retirement system member can be retired under disability

unless the regional medical panel certifies to the retirement board that the member is disabled, that the member's disability is likely to be permanent and, in the case of an accidental disability application, that the member's disability is causally related to or aggravated by the member's employment.

When your case reaches this stage, we will request that PERAC convene a medical panel. Convening a medical panel is the statutory responsibility of PERAC. PERAC will take into consideration the nature of disability claimed, the type of doctors you have recently seen and where you live. PERAC pays the fees of the physicians on the medical panel. By statute, the medical panel should consist of three doctors. PERAC attempts to schedule several appointments for a particular medical panel, so disability applicants from other retirement systems may be examined at the same place and on the same day as you. Prior to the examination, we will forward copies of your medical records to each of the physicians for their review.

You also have the choice of having the three physicians appointed to the medical panel examine you in three separate examinations—potentially at three different times and dates—instead of at the same time. You select the type of examination you prefer on the *Applicant's Medical Panel Selection Form* included in the Disability Application. You can amend your selection at any time during the 60 days after the panel has been appointed.

19 Where and when will the medical panel examination take place?

The statute states that medical panel examinations shall take place as soon as possible at a time and place that is convenient for all parties. If the panel fails to meet within 60 days of appointment, PERAC will automatically schedule three separate examinations.

For information on PERAC, visit their web site at mass.gov/perac.

20 What rights do the applicant and the employer have at the medical panel examination?

The participants' rights are detailed in PERAC regulations contained in the Code of Massachusetts Regulations (840 C.M.R. 10.00). You can obtain a copy of the regulations from the MTRS, the Public Employee Retirement Administration Commission or the State Bookstore. You can also find the regulations in most libraries.

In part, the regulations contain the following provisions:

- The Commissioner must give the applicant, the employer and all other interested parties at least 14 days' notice of the upcoming examination, unless the applicant has filed a written waiver.
- In most cases, there must be a physical examination of the applicant and an opportunity to present information regarding the applicant's case.
- Both the member and the member's employer may be represented by counsel at the examination.
- The member and the employer are free to bring along their own physicians who may answer questions from the panel regarding the applicant's condition.
- The medical panel may require the applicant to take appropriate noninvasive tests as part of the examination.

Disability applicants should realize, however, that not every examination is alike since in some cases an applicant's condition may eliminate the need for a comprehensive examination.

21 What happens after the medical panel examination has been completed?

Within 60 days after completing its examination, the medical panel should report its findings by writing a narrative regarding your condition (the medical panel *report*) and by completing a medical panel *certificate* issued by PERAC.

In order for an applicant to receive a disability benefit, the medical panel must certify that:

- the applicant is unable to perform the essential duties of his or her particular job, *and*
- the disability is likely to be permanent.

In the case of a claim for accidental disability benefits, the panel must *also* certify that:

- the disability is the natural and proximate result of the personal injury sustained or the hazard undergone.

If a physician disagrees with the majority finding of the panel, he or she may sign a minority report and submit an alternate narrative for the Board's consideration. The applicant's physician—if he or she has attended the medical panel examination—may also sign the narrative report and either agree or disagree with the findings of the medical panel.

22 What happens if the medical panel fails to certify that I am permanently disabled as a result of my employment?

If this happens, the Board is prohibited from granting you a disability benefit. You will, however, be notified by letter if we receive the medical panel's certificate and it fails to certify that you are disabled. At that point, if you believe that the panel erred in any of its statements within its report or failed to consider what you feel to be pertinent or you have new medical information, you may request that the Board reconsider your case by requesting additional information of the medical panel or that a new medical panel be convened to examine you. The Board may hold a hearing on your request. Any request made by the Board for a new medical panel must be approved by PERAC. If PERAC denies the Board's request, in most instances, your application will be denied by the Board. You may then appeal to the Contributory Retirement Appeal Board (see Question 25).

23 What happens if the medical panel certifies that I am permanently disabled as a result of my employment?

After we receive the medical panel's certificate stating that you are permanently disabled, we will schedule your case for either a monthly Board hearing or a hearing before a designated hearing officer. We will notify you of the time and date of the hearing. At the hearing, the Board or hearing officer will consider your case and make a determination as to your eligibility for benefits.

24 After my case has been approved by the Board, how long will it be before I receive my first check?

About 60 days. Massachusetts retirement law requires that PERAC approve every disability case after it has been approved by one of the Commonwealth's 106 retirement boards. Once your case has been approved by the Board, we will forward your application materials to PERAC for review. After PERAC has also approved your application, we will process your payment.

By law, the staff of PERAC have 30 days to review a disability pension allowance. They may remand a case back to us for further proceedings if they find that the Board's decision was made upon unlawful procedure; unsupported by substantial evidence; arbitrary and capricious; or, a result of fraud and misrepresentation. If the case is not remanded after 30 days, your application is automatically approved.

25 What happens if the Board denies my application or if PERAC fails to approve my case? Do I have any recourse under the law?

Yes. If either the Board or PERAC denies your application, you have the right to appeal their decision to the Contributory Retirement Appeal Board (CRAB). You must file your appeal, in writing, within 15 days, to:

Contributory Retirement Appeal Board
133 Portland Street, 3rd Floor
Boston, MA 02114

Post-retirement issues

26 Are there any restrictions on what I may earn once I have been granted disability benefits?

Yes. The statute is intended to provide disability benefits only for those individuals who are permanently disabled from their employment. Accordingly, it places some financial restrictions on what you may earn each year in addition to your disability benefit. In fact, all retirees—whether retired by disability or choice—are limited in some way as far as the amount of income they may earn after retiring.

Each year, PERAC will contact you to verify your continued eligibility for disability benefits and to review any income you earn from employment. They will require that you complete an affidavit regarding your continued eligibility to receive your disability retirement allowance. They will also send you a form entitled *Annual Statement of Earnings* and require that you report the amount and source(s) of any income you received from employment. If applicable, you must also submit a W-2 form and, if you are self-employed, any 1099 forms. If you fail to comply with the requirements regarding

earnings, PERAC has the right to require the Board to withhold your retirement allowance.

27 How much money can I make and still be eligible to receive my full disability benefits?

While you are collecting a retirement allowance from the MTRS, you may work for a public employer in Massachusetts for a maximum of 960 hours in a calendar year. However, the salary that you receive from this position, when added to your retirement allowance, cannot exceed the salary that is currently being paid for the position from which you retired, plus \$5,000. For example, if you retired from your position as a physical education teacher and that position presently pays \$30,000, your pension and your outside earnings cannot exceed \$35,000. If you earned in excess of \$35,000, you will have to refund the excess to the MTRS.

28 Will I be re-examined on a regular basis to see if I am capable of returning to work?

PERAC may conduct a re-examination of you once per year during the first two-year period after the effective date of your retirement, and then once a year every three years after that.

29 How will PERAC determine whether I should be re-examined?

PERAC will first ask you and your physician to complete brief questionnaires regarding your current medical status. They will then review these questionnaires and, if it appears that further evaluation is warranted, PERAC will appoint a regional medical panel to re-examine you. If, based on the medical questionnaires, it appears that additional investigation is not called for, PERAC may not take any action.

30 Does PERAC have the authority to suspend or modify my retirement allowance?

Yes. PERAC may order the Board to suspend or modify your disability allowance as a result of:

- a medical re-examination,
- your completion of a rehabilitation program or
- the submission of your yearly W-2 forms and other earnings statements.

If PERAC decides to modify or suspend your retirement allowance, it will analyze and consider your actual earnings or your future earning potential given your improved condition and ability to resume work. If your actual earnings or your earning potential is

- *more* than the current salary amount of the position from which you retired, your pension can be suspended.
- *less* than the current salary amount of the position from which you retired, but *more* than the difference between that amount and your retirement allowance, your pension can be modified.

You may appeal any modification or suspension of your disability retirement allowance to the Contributory Retirement Appeal Board.

31 I am an accidental disability retiree. How will my benefits be taxed?

As an accidental disability retiree, your retirement allowance is taxed differently from those retirees receiving a regular retirement allowance or an ordinary disability retirement allowance. Because you are retired under an accidental disability, the pension portion of your accidental disability retirement allowance is excluded from your gross income for Federal income tax purposes. However, please note that the annuity portion of your retirement allowance must be included in your gross income since it is subject to Federal income taxes. Therefore, the Simplified General Rule described in your MTRS Retirement Information Booklet, will only apply

to the annuity portion of your retirement allowance. When completing the Form W-4P, you may want to seek the advice of your personal accountant or a tax expert to assist you in determining your tax liability.

As a general rule we advise all of our retirees that since we are not qualified to provide specific advice relative to the Federal tax code, we urge you to consult your personal accountant and obtain a copy of IRS Publication 575, Pension and Annuity Income, to ensure that you are in compliance with all of the appropriate federal taxation requirements.

Appendix A

Eligibility for a superannuation retirement allowance

You are eligible to receive a superannuation (“regular”) retirement allowance when you

- have 20 years of creditable service, regardless of your age, *or*
- are at least age 55 *and* you became a member of the MTRS on or after January 1, 1978 *and* you have at least 10 years of creditable service.

If, however, you do not meet either of these requirements and you were a member of the MTRS prior to January 1, 1978, different eligibility requirements may apply to you. Please contact the MTRS for additional information.

RetirementPlus

If you are participating in RetirementPlus—because you either elected to participate or you became a member of the MTRS on or after July 1, 2001—you are eligible to receive an enhanced benefit if you:

- have accrued 30 or more years of creditable service, at least 20 of which are teaching service with the MTRS or the Boston Retirement System; and,
- have contributed at the RetirementPlus rate of 11% for at least five years, or have made accelerated payments to meet this contribution requirement.

The Massachusetts Retirement Law (Massachusetts General Laws chapter 32) regulates your retirement allowance and allows you to choose one of three benefit options. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death (see Question 7).

For more information on calculating your superannuation retirement allowance, please see Appendix B.

Appendix B Superannuation retirement allowance worksheet

The example illustrates the calculations for a member who retires under RetirementPlus at age 58 with 35 years of creditable service, an average salary of \$42,000 for his or her highest three consecutive years or last three years, whichever is greater, and a beneficiary who is age 57.

Also shown here is the member-survivor benefit payable only under Option C. This benefit is payable on a monthly basis to your beneficiary for the rest of his or her life. The monthly amount is 1/12 of the annual amount.

Example		You as of ____/____/____	You as of ____/____/____
Option A			
Option A Age Factor (see table)	.018		
x Years of creditable service	x 35	x	x
% of salary average	63%	%	%
+ RetirementPlus %, if applicable*	+ 22%	+	+
Allowable % of salary average**	80%	%	%
x 3-year salary average	x \$42,000	x \$	x \$
Option A annual allowance***	\$33,600	\$	\$
Option B			
Option A annual allowance	\$33,600	\$	\$
x 99% (1% less than Option A)****	x 99%	x 99%	x 99%
Option B annual allowance	\$33,264	\$	\$
Option C			
Option A annual allowance	\$33,600	\$	\$
x Option C Factor (see table)	x 92%	x %	x %
Option C annual allowance	\$30,912	\$	\$
x 2/3 (annual survivor portion)	x 2/3	x 2/3	x 2/3
Annual member-survivor benefit	\$20,608	\$	\$

NOTES

- * If you are participating in RetirementPlus, and you have 30 or more years of creditable service—at least 20 of which are teaching service with the MTRS or the Boston Retirement System—add 2% for each full year of creditable service over 24 years (see RetirementPlus Percentage table, below).
- ** Your “Allowable % of salary average” may not exceed 80%.
- *** If you are a wartime veteran, \$15 for each year of teaching service (up to a maximum of \$300) is added to the Option A annual allowance.
- **** The Option B allowance is approximately 1% less than the Option A amount. For purposes of illustration only, we have estimated the Option B amount at 1% less than the Option A amount.

Option A Age Factor Table

Use your age on your retirement date

Age	Factor	Age	Factor
41	.001	54	.014
42	.002	55	.015
43	.003	56	.016
44	.004	57	.017
45	.005	58	.018
46	.006	59	.019
47	.007	60	.020
48	.008	61	.021
49	.009	62	.022
50	.010	63	.023
51	.011	64	.024
52	.012	65+	.025
53	.013		

RetirementPlus Percentage Table

Service (full years)	R+ %	Service (full years)	R+ %
30	12%	36	24%
31	14%	37	26%
32	16%	38	28%
33	18%	39	30%
34	20%	40	32%
35	22%		

Option C Factor Table

Use the table to the right to find your Option C Factor. To obtain your Option C factor, determine what your age will be on your birthday closest to your retirement date; then determine what your beneficiary's age will be on his or her birthday that is closest to your retirement date. Find these ages on the appropriate axes and follow the row and column into the table. Your Option C factor is the number where the row and column intersect.

Please note that for the purposes of this booklet, the values in this table are rounded, approximate percentages.

Member's age	67	81	81	82	82	83	83	84	84	85	85	86	86	87	87	88
66	82	82	83	83	84	84	84	85	85	86	86	87	87	88	88	89
65	83	84	84	84	85	85	86	86	87	87	88	88	89	89	90	90
64	84	85	85	86	86	86	87	87	88	88	88	89	89	90	90	91
63	86	86	86	87	87	87	88	88	89	89	89	90	90	91	91	91
62	87	87	87	88	88	88	89	89	90	90	90	91	91	91	92	92
61	88	88	88	89	89	89	90	90	90	91	91	92	92	92	93	93
60	89	89	89	90	90	90	91	91	91	92	92	92	93	93	93	94
59	90	90	90	91	91	91	91	92	92	92	93	93	93	94	94	94
58	90	91	91	91	92	92	92	93	93	93	93	94	94	94	95	95
57	91	92	92	92	92	93	93	93	94	94	94	94	95	95	95	95
56	92	92	93	93	93	93	94	94	94	94	95	95	95	95	96	96
55	93	93	93	93	94	94	94	94	95	95	95	95	96	96	96	96
54	93	94	94	94	94	95	95	95	95	95	96	96	96	96	96	97
53	94	94	94	95	95	95	95	95	95	96	96	96	96	96	97	97
52	95	95	95	95	95	95	96	96	96	96	96	96	96	97	97	97
	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67
	Beneficiary's age															

Appendix C

For more information

Your application for a disability retirement allowance will be processed by our Disability Unit, which is located in our Main office. If you have any questions about this process, please contact this unit:

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM DISABILITY UNIT

One Charles Park
Cambridge, MA 02142-1206

Phone (617) 679-MTRS (6877)
Fax (617) 679-1661

Hours: 8:45 a.m. – 5 p.m., Monday through Friday

Appendix D

About the MTRS

What is the Massachusetts Teachers' Retirement System?

The Massachusetts Teachers' Retirement System is a contributory retirement system governed by the Commonwealth's retirement law, Chapter 32 of the Massachusetts General Laws. The MTRS, which is the second largest of the Commonwealth's 106 contributory retirement systems, provides retirement, disability and survivor benefits to Massachusetts teachers, administrators and their families.

The MTRS is a defined benefit retirement plan intended to provide a meaningful retirement benefit to the employee who has chosen a career in public service. It operates as a qualified plan under section 401(a) of the Internal Revenue Code.

Who manages the Massachusetts Teachers' Retirement System?

The Massachusetts Teachers' Retirement System administers the MTRS. The Board is composed of seven members chosen in accordance with the enabling statute of the MTRS:

- the Massachusetts Commissioner of Education, or his or her designee, who also serves as the Board's chairperson,
- the State Auditor, or his or her designee,
- the State Treasurer, or his or her designee,
- two members, elected by the active and retired members of the system,
- one member—who must be a retired teacher—appointed by the Governor, and
- one member, chosen by the vote of the other six.

Excepting the chairperson, each member serves a four-year term. The length of the chairperson's term depends upon the term of office of the Commissioner of Education.

The Board, which meets at least once a month,

- establishes the policies, rules and regulations of the agency,
- oversees the dissemination of services and information to its membership of nearly 85,000 active educators and 34,000 retirees,
- approves all benefits paid by the MTRS, and
- investigates all claims for accidental and ordinary disabilities.

The Executive Director, together with a staff of over 60 professionals, implements the programs and policies of the Board.

What services does the System provide for its members?

Since the creation of the MTRS in 1914, the System has never strayed from its original mandate to provide a retirement system for teachers. Throughout its long history, it has adhered to its traditional role as bookkeeper—enrolling members, compiling members' annuity account statements, granting retirements and paying retirement allowances. Today, the System still conscientiously serves its members with bookkeeping services, but it has expanded its offering of programs to better serve the public school teachers and administrators of Massachusetts and prepare them both financially and emotionally for their retirement years. For example, the System now offers the following services and programs:

P R O G R A M S

- **Charting Your Course:** This is a midcareer financial planning program developed by the MTRS. The program is tailored for educators who are 15 to 20 years away from retirement. It helps participants gain basic knowledge of the five key areas of financial planning and is designed to motivate participants to take control of their financial future immediately.

- **The Next Chapter:** This is a comprehensive preretirement planning program developed by the MTRS. The program is designed for educators who are five to ten years away from retirement. It helps participants examine their attitudes, concerns and goals as they prepare for their retirement years.

- **Your MTRS Benefits Seminar:** This an informational program for MTRS members of all ages and career stages. The program, held at various locations across the Commonwealth, focuses on retirement formulas, creditable service and purchasing credit for past service, the option selection process, health insurance and other post-retirement issues. Our staff also offers this program on a regular basis in our Main and Springfield offices.

S E R V I C E S

- **Retirement Counseling Services:** Our Counselors work to prepare our constituents for retirement and offers individual and group retirement counseling to all members across the Commonwealth. Counselors are available to meet with members in our Main and Springfield offices; appointments are necessary, however, so members should be sure to call ahead (see inside back cover for our phone numbers).
- **MTRS M@il:** We send updates via e-mail to any member who wants to receive our periodic messages. Active and retired members alike are encouraged to complete our simple registration form, available on our web site at mass.gov/mtrs.

P U B L I C A T I O N S

- **The Advisor:** This is our periodic newsletter that we distribute to all active members, retirees and colleagues of the agency. The *Advisor* reports on developments in public pension legislation, services and programs offered by the System and other subjects which are of interest to both the active and retired membership.

Please note
that all of our
publications
are posted on
our web site at
mass.gov/mtrs.

■ **“What You Need to Know” booklets:** This series is a set of informational Q&A guides—like this one. Each is of moderate length and is designed specifically for the person who is going through a particular transaction or life stage. Current titles are:

- What You Need to Know...
 - As the Recipient of a Lump-Sum Payment
 - As a Party to a Domestic Relations Order
 - About Disability Retirement

■ **MTRS Basics Brochures:** Our Basics Brochures are brief, informational pamphlets that focus on specific transactions and issues. Each fits in a standard business size envelope and provides a short overview of the issue as well as the most commonly asked questions and their answers. Current titles include:

- Purchasing Creditable Service with a Direct Transfer or Rollover
- Choosing a Financial Planner

■ **Specialized Guides:** These are our new, lengthier reference guides designed as comprehensive, long-term resources. Each is a full, letter-sized booklet that is bound in a pocket-folder. The current titles are:

- **Your MTRS Benefits—**
A Guide for MTRS Active Members

Appendix E

Definitions and resources

■ **Annuity Savings Account:** Every member of the Massachusetts Teachers’ Retirement System has an annuity savings account that is maintained on his or her behalf by the MTRS for the funding of the member’s eventual retirement. The annuity savings account consists of two parts:

- **contributions**, which are deducted from the member’s paycheck by the school district and
- **regular interest**, which is earned on the prior year’s balance and credited to the account on an annual basis.

Over the course of your retirement, your annuity savings account is gradually decreased as your retirement allowance is paid out to you. The annual annuity portion of your allowance is based on actuarial charts; this annual portion is generally 1/16th of the total amount in your annuity savings account.

■ **Contributory Retirement Appeal Board (CRAB):** This state agency reviews decisions by the MTRS and all state, county and municipal retirement boards.

Contributory Retirement Appeal Board
133 Portland Street
Boston, MA 02114
Phone: (617) 727-7060

■ **Cost of Living Adjustment (COLA):** Cost-of-living adjustments are granted to retired members of the MTRS by vote of the Massachusetts Legislature. Every year, the Public Employee Retirement Administration Commission (PERAC) will file with the Legislature a report detailing the increase or decrease in the Consumer Price Index (CPI). The Legislature will then vote whether to grant a COLA based on the increase in the CPI or 3%, whichever is less.

The retirement base on which a COLA is granted is currently \$12,000. The most recent COLA, granted in July 2001,

allowed a 3% increase on the first \$12,000 of a retiree's allowance, for a maximum annual increase of \$360, or \$30 per month.

- **Division of Administrative Law Appeals (DALA):** This is the agency designated to hear appeals filed with the Contributory Retirement Appeal Board.

Division of Administrative Law Appeals
133 Portland Street, 3rd Floor
Boston, MA 02114
Phone: (617) 727-7060

- **Massachusetts Teachers' Retirement Board:** The Board administers the Massachusetts Teachers' Retirement System. The Board is composed of seven members, meets on a monthly basis and decides whether to approve or deny all applications for disability benefits. Please see Appendix D for additional information.

- **Massachusetts Teachers' Retirement System (MTRS):** The system encompasses the Board, the staff and the entire operation of providing retirement benefits and services to Massachusetts educators. Please see Appendix D for additional information.

- **Public Employee Retirement Administration Commission (PERAC):** PERAC oversees the state's 106 contributory retirement systems. All disability applications must be reviewed and approved by PERAC. You can contact PERAC at:

Public Employee Retirement Administration Commission
5 Middlesex Avenue
Somerville, MA 02145
Phone: (617) 666-4446
Online: mass.gov/perac

- **State Bookstore:** You may obtain a copy of the Code of Massachusetts Regulations (C.M.R.) containing the statutes regarding disability hearings from the State Bookstore.

State Bookstore
State House, Room 116
Boston, MA 02133
Phone: (617) 727-2834

Appendix F

Quick reference guide to questions

Disability benefits

- 1 What happens if I should become permanently disabled while a member of the MTRS?
- 2 What types of disability benefits are available?
- 3 May I apply for both accidental disability and ordinary disability retirement benefits at the same time?
- 4 Who decides whether to grant disability benefits?
- 5 Do I have to appear at the Board hearing?
- 6 What is the difference between the calculation of an accidental disability benefit versus an ordinary disability benefit?
- 7 I understand that there are three different retirement benefit "options." What are they?

Accidental Disability

- 8 What are the eligibility requirements to apply for an accidental disability retirement allowance?
- 9 What will I receive if I am granted an accidental disability retirement allowance?
- 10 Will I receive additional benefits on behalf of my children?
- 11 I am purchasing creditable service on the MTRS's installment payment plan. If I am granted an accidental disability retirement before the end of the installment plan term—and no longer need any additional creditable service—am I eligible for a refund of the money I have already paid?

Ordinary Disability

- 12 Does participation in RetirementPlus affect the calculation of an accidental disability retirement benefit?
- 13 What are the eligibility requirements for an ordinary disability retirement benefit?
- 14 What will I receive if I am granted an ordinary disability retirement allowance?

How to apply for disability benefits

- 15 How do I apply for disability benefits?
- 16 Can I receive other benefits pending determination on my disability application?

How your case is evaluated

- 17 What happens after I have returned the disability retirement application to your office?
- 18 Am I required to have a medical panel examination?
- 19 Where and when will the medical panel examination take place?
- 20 What rights do the applicant and the employer have at the medical panel examination?
- 21 What happens after the medical panel examination has been completed?
- 22 What happens if the medical panel fails to certify that I am disabled?
- 23 What happens if the medical panel certifies that I am disabled?
- 24 After my case has been approved by the Board, how long will it be before I receive my first check?
- 25 What happens if the Board denies my application or if PERAC fails to approve my case? Do I have any recourse under the law?

Post-retirement issues

- 26 Are there any restrictions on what I may earn once I have been granted disability benefits?
- 27 How much money can I make and still be eligible to receive my full disability benefits?
- 28 Will I be re-examined on a regular basis to see if I am capable of returning to work?
- 29 How will PERAC determine whether I should be re-examined?
- 30 Does PERAC have the authority to suspend or modify my retirement allowance?
- 31 I am an accidental disability retiree. How are my benefits taxed?

Notes

Notes

Contact us

MAIN OFFICE

Serving our members in Middlesex, Essex, Norfolk, Bristol, Plymouth, Barnstable, Dukes and Nantucket Counties

ADDRESS

One Charles Park
Cambridge, MA 02142-1206

PHONE

617-679-MTRS (6877)

FAX

617-679-1661

HOURS

8:45 a.m. – 5 p.m., Monday through Friday

NEARBY LANDMARKS

Located across the street from CambridgeSide Galleria Mall and near Lechmere T Station

NEAREST T STOP

Lechmere Station on the Green Line

PARKING

Metered on-street parking and the CambridgeSide Galleria Parking Garage

WESTERN REGIONAL OFFICE

Serving our members in Berkshire, Franklin, Hampshire, Hampden and Worcester Counties

ADDRESS

101 State Street, Suite 210
Springfield, MA 01103-2066

PHONE

413-784-1711

FAX

413-784-1707

HOURS

8:45 a.m. – 5 p.m., Monday through Friday

NEARBY LANDMARKS

Located at the intersection of State and Main Streets, diagonally across from the Springfield Civic Center

PARKING

Metered on-street parking and the Bliss Street Parking Garage

ONLINE

WEB SITE

mass.gov/mtrs

E-MAIL

geninfo@trb.state.ma.us

